



Tokio Marine Holdings

*To Be a **Good Company***

# 2Q FY2020 Results and Full-Year Projections

Tokio Marine Holdings, Inc.  
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### ◆ Abbreviations used in this material

➢ TMNF	: Tokio Marine & Nichido Fire Insurance Co., Ltd.
➢ NF	: Nisshin Fire & Marine Insurance Co., Ltd.
➢ TMNL	: Tokio Marine & Nichido Life Insurance Co., Ltd.
➢ TMHCC	: Tokio Marine HCC
➢ TMK	: Tokio Marine Kiln





# Top-line Results / Projections and Bottom-line Results

Consolidated	Domestic Life
Domestic Non-Life	International



## Top-line

Stable growth of +0.9% YoY is projected for full-year net premiums written on a local currency basis mainly due to rate increase in North America.

Life insurance premiums are projected to fall by -6.7% mainly due to increased surrender in corporate insurance and the impact of the stronger yen

### ■ Net Premiums Written

2Q result : ¥1,809.5bn (+0.1% YoY)

Full-year projections : ¥ 3,550.0bn (-1.4% YoY)

- In 2Q, NPW rose 0.1% YoY (or 4.4% excluding FX effects) as an increase in NPW (+3.8%) resulting from the implementation of overseas growth strategies and the rate increase offset a drop in NPW mainly caused by the lowering of CALI premiums in Japan (-1.6%) and the impact of the stronger yen (-¥21.8bn).
- Full-year NPW was revised downward by ¥10bn from August projection due to the impact of the stronger yen (- approx. ¥32.0bn) despite the upward revision in Japan and overseas.

### ■ Life insurance premiums

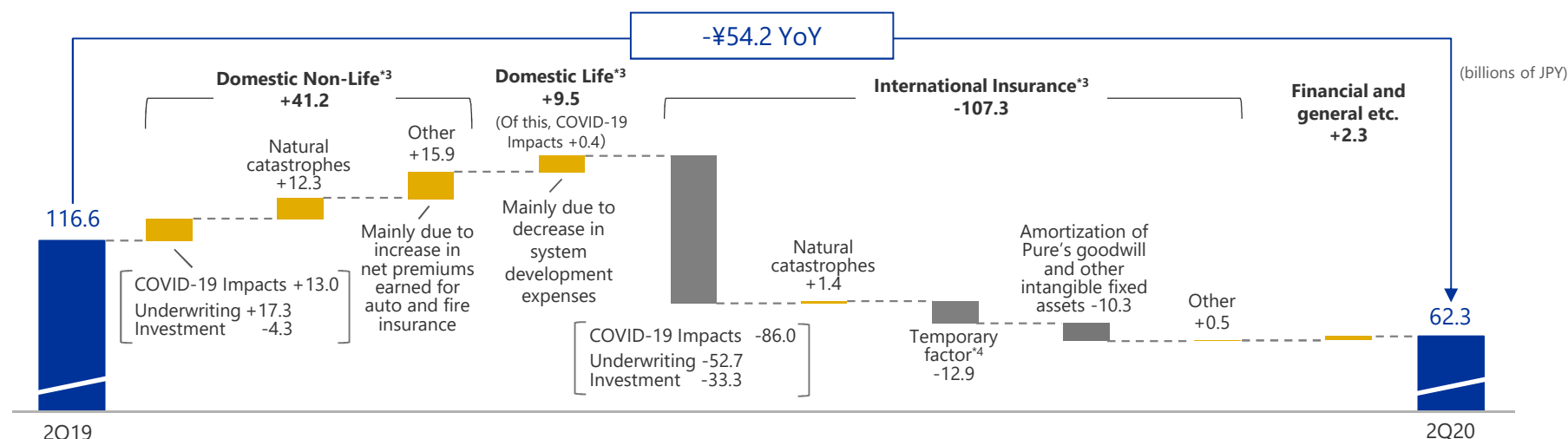
2Q result : ¥469.4bn (-3.2% YoY)

Full-year projections : ¥ 920.0bn (-6.7% YoY)

- In 2Q, life insurance premiums fell 3.2% YoY due to the increased surrender in corporate insurance and other factors in the domestic business. These cancelled out the growth in the international business mainly attributable to the rate increase by TMHCC.
- Full-year life insurance premiums were revised upward by ¥10bn from August projection by stable rate increase in TMHCC, despite the impact of the stronger yen (- approx. ¥8.0bn)

## Bottom-line (2Q results)

Consolidated net income fell ¥54.2bn YoY to ¥62.3bn mainly due to the impact of COVID-19 (hereinafter, "COVID-19 Impacts").



\*3 Include consolidation adjustments. Gains and losses on overseas business such as group reinsurance recorded by TMNF are included in international insurance.

\*4 Impairment loss on equities of unconsolidated overseas subsidiaries, etc. and reaction to the previous year's acquisition of a US insurance agent as a subsidiary.

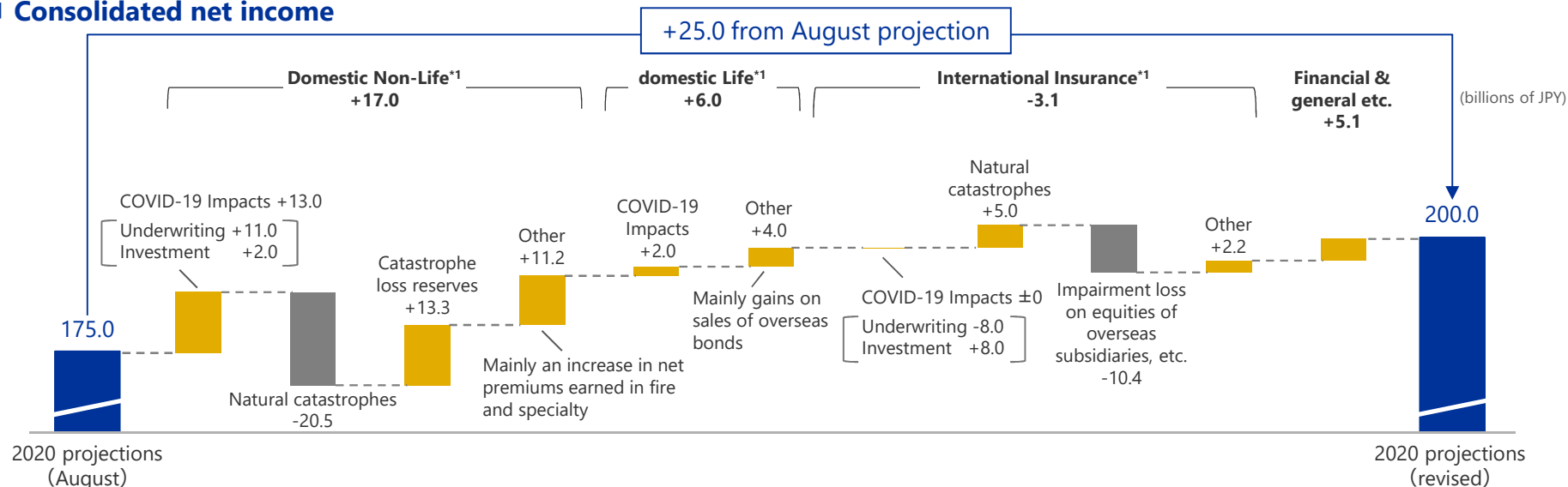
# Bottom-line Projections

Consolidated	Domestic Life
Domestic Non-Life	International

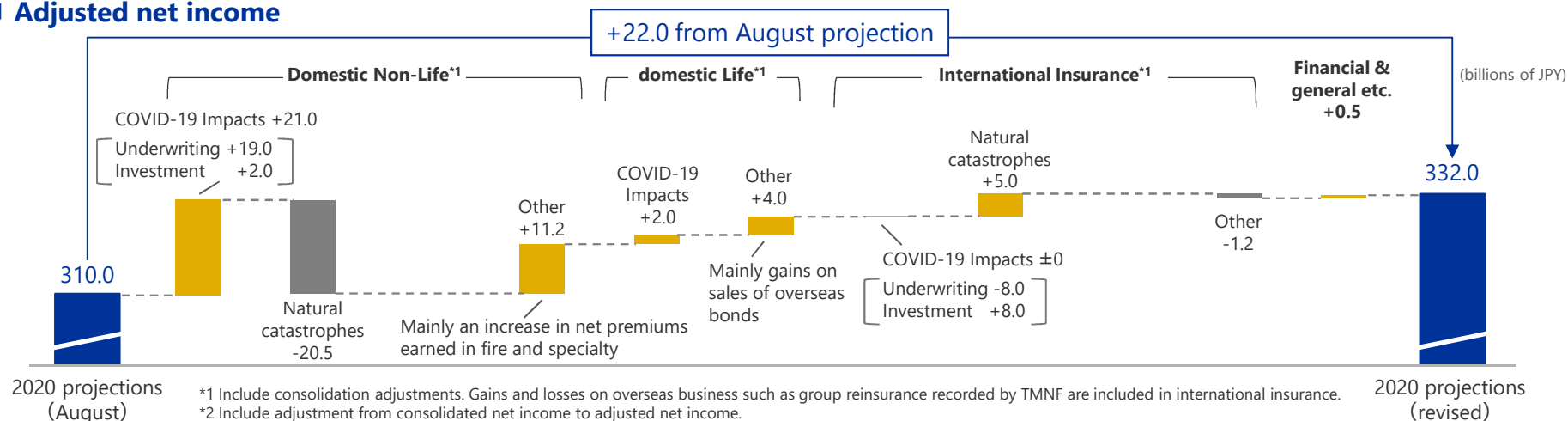


Full-year consolidated net income was revised upward by ¥25bn from August projection mainly due to the improved COVID-19 Impacts and an increase in net premiums earned, which will more than offset an increase in natural catastrophes in Japan and impairment losses on equities of overseas subsidiaries. Adjusted net income was revised upward by ¥22bn reflecting the exclusion of an impact of catastrophe loss reserves and impairment losses on equities of overseas subsidiaries, etc.

## Consolidated net income



## Adjusted net income



\*1 Include consolidation adjustments. Gains and losses on overseas business such as group reinsurance recorded by TMNF are included in international insurance.  
 \*2 Include adjustment from consolidated net income to adjusted net income.

# Impacts of COVID-19

COVID-19 impacts on underwriting and investment are improving with the projected negative impact of ¥76.0bn, which is ¥24.0bn less than August projections.

Impacts on adjusted net income (billions of JPY; estimates)					
		August projections	Revised projections	Change	Main reason for change
Domestic Non-Life	Underwriting	+5.0	+24.0	+19.0	● Projected fall in net incurred losses in auto and P.A. insurance
	Investment	-6.0	-4.0	+2.0	● Decrease in hedging costs due to the contraction in interest rate differentials between Japan and overseas
International	Underwriting	-57.0	-65.0	-8.0	● Expected increase in trade credit insurance, etc.
	Investment	-42.0	-34.0	+8.0	● Decrease in losses on the default of credit risk assets
Domestic Life		+1.0	+3.0	+2.0	● Decrease in hedging costs due to the contraction in interest rate differentials between Japan and overseas
Total		-100.0	-76.0	+24.0	

※ Plus and minus of the figures in above table correspond to positive and negative to profit respectively

# Business Unit Profits Projection

Business unit profit of Domestic Non-life was revised upward by ¥15.0bn from August projection due to the improved COVID-19 Impacts (+¥21.0bn) and increased net premiums earned despite increased natural catastrophe. In Domestic Life, no change was made to August projection as the business is progressing smoothly. In International Insurance, business unit profit was revised upward by ¥8.0bn from August projection mainly due to the improved COVID-19 Impacts (+¥6.0bn<sup>\*1</sup>) and a fall in natural catastrophes.

	FY2020 projections			
	August	Revised	Change	Main reasons for change
Domestic Non-life	¥135.0bn	¥150.0bn	+¥15.0bn	<ul style="list-style-type: none"> <li>↗ Improved COVID-19 Impacts</li> <li>↗ Increase in net premiums earned (fire/specialty)</li> <li>↘ Increase in natural catastrophes (See p.21 for details)</li> </ul>
Domestic Life <sup>*2</sup>	¥164.0bn	¥164.0bn	-	No change to August projection as the business is progressing as planned (See p.22 for details)
International <sup>*1</sup>	¥67.0bn	¥75.0bn	+¥8.0bn	<ul style="list-style-type: none"> <li>↗ Improved COVID-19 Impacts</li> <li>↘ Fall in natural catastrophes</li> <li>↘ Stronger yen (See p.26 for details)</li> </ul>

<sup>\*1</sup> The difference with impacts on adjusted net income is attributable to the different methods of profit calculation in life segment (business unit profits: based on an increase in EV; adjusted net income: based on financial accounting).

<sup>\*2</sup> Increase in EV for life insurance

# Natural Catastrophes

**Full-year projections are expected to ¥128.5bn (before tax) due to an increase in natural catastrophes in Japan.**

## ■ Net incurred losses relating to natural catastrophes (business unit profit basis; billions of JPY)

	FY2019 2Q Results	FY2020 2Q Results	YoY Change*1	FY2020 Full-year Projections		Difference*1 ((2) – (1))
				(1) August	(2) Revised	
Before tax						
Domestic Non-life	89.6	72.5	-17.1	58.0	86.5	+28.5
International	10.2	8.6	-1.5	49.0	42.0	-7.0
Total	99.8	81.1	-18.6	107.0	128.5	+21.5
After tax*2						
Domestic Non-life	64.6	52.2	-12.3	41.8	62.3	+20.5
International	8.0	6.8	-1.2	38.0	33.0	-5.0
Total	72.7	59.0	-13.6	79.8	95.3	+15.5

## ■ Major natural catastrophes in Japan in 2Q \*Natural catastrophes larger than a certain size

	Gross incurred losses*3
Typhoon Haishen	¥34.3bn
Heavy rains in July	¥31.8bn

\*1 "+" means negative for profits, while "-" means positive for profits.

\*2 After-tax figures are estimates.

\*3 Before tax and total of Domestic Non-life.



## 2Q FY2020 Results

### <Reference>

	Applied FX rate (USD/JPY)	
	FY2019	FY2020
End of September (Domestic Non-Life & Life)	JPY 107.92 (+JPY3.07 from Mar. 2019)	JPY 105.80 (+JPY3.03 from Mar. 2020)
End of June (International)	JPY 107.79 (+JPY3.21 from Dec. 2018)	JPY 107.74 (+JPY1.82 from Dec. 2019)

# Domestic Non-Life 1: TMNF Results

Consolidated	Domestic Life
Domestic Non-Life	International



**Underwriting profit grew by ¥35.6bn YoY to -¥4.8bn mainly due to a fall in net incurred losses. Net investment income and other rose by ¥12.2bn YoY to ¥95.7bn mainly due to an increase in dividends from overseas subsidiaries. As a result, net income grew by ¥21.4bn YoY to ¥62.9bn.**

(billions of JPY)

	FY2019 2Q Results	FY2020 2Q Results	COVID-19 Impacts	YoY Change
<b>Underwriting profit/loss</b>	<b>- 40.5</b>	<b>- 4.8</b>	1.0	35.6
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	- 6.0	36.5		42.5
Net premiums written (Private insurance)	1,001.9	1,004.0		2.1
Net premiums earned (Private insurance)*1	957.2	983.4		26.1
Net incurred losses (Private insurance)*2	- 635.1	- 591.2		43.9
Natural catastrophe losses	- 82.2	- 66.9		15.3
Provision/Reversal of foreign currency denominated outstanding claims reserves	2.8	2.9		0.1
Other than above	- 555.7	- 527.3		28.4
Business expenses (Private insurance)	- 313.9	- 313.4		0.5
Provision/Reversal of catastrophe loss reserves	- 34.4	- 41.3		- 6.9
Auto	- 10.4	- 17.5		- 7.0
Fire	- 10.0	- 15.6		- 5.6
Provision/Reversal of nat-cat underwriting reserves	-	- 8.4		- 8.4
Provision/Reversal of underwriting result for the first year*3	- 11.7	- 32.7		- 21.0
<b>Net investment income (loss) and other</b>	<b>83.5</b>	<b>95.7</b>	- 6.0	12.2
<b>Ordinary profit/loss</b>	<b>45.4</b>	<b>93.9</b>		48.4
<b>Extraordinary gains/losses</b>	<b>0.2</b>	<b>- 14.2</b>		- 14.5
<b>Net income/loss</b>	<b>41.5</b>	<b>62.9</b>	- 4.0	21.4

\*1 Excluding provision for nat-cat underwriting reserves

\*2 Including loss adjustment expenses

\*3 provision for the general underwriting reserves excluding provision for unearned premiums

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively

2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

- **Underwriting Profit:**
  - ➡ Grew by ¥35.6bn YoY to -¥4.8bn mainly due to the following factors:
    - Net premiums written (Private insurance) (see P.10 for details):
      - ➡ Increased in auto insurance due to rate revision
    - Net incurred losses (Private insurance) (see P.11 for details):
      - ➡ Decreased in auto and P.A. insurance due to fall in accident frequency
    - Catastrophe loss reserves:
      - ➡ Increase in provision due to the reversal effect of takedown in 2Q FY2019
    - Natural catastrophe underwriting reserves:
      - ➡ Provision with the upward trend in the fire loss ratio
    - Provision of underwriting result for the first year:
      - ➡ Increase due to a drop in net incurred losses in auto insurance
      - ※ Underwriting result for the first year is underwriting reserve posted by deferring a profit remained for the year of the contract to the following fiscal year.
- **Net Investment Income and Other** (see P.13 for details):
  - ➡ ¥12.2bn increase YoY to ¥95.7bn mainly due to an increase in dividends from overseas subsidiaries
- **Extraordinary Gains / Losses:**
  - ➡ Decreased by ¥14.5bn YoY to -¥14.2bn mainly due to valuation losses of affiliate equities and a reaction to sales gains on affiliate equities posted in 2Q FY2019
- **Net Income:**
  - ➡ ¥21.4bn increase YoY to ¥62.9bn due to the above factors, etc.

## Domestic Non-Life 2: TMNF NPW

Consolidated	Domestic Life
Domestic Non-Life	International



**Net premiums written (private insurance) increased by ¥2.1bn YoY to ¥1,004bn driven by auto insurance rate revision, although P.A. and some other lines declined due to COVID-19 Impacts.**

**For all lines, NPW fell by ¥17.9bn YoY to ¥1,127.4bn due to factors such as the impact of rate reduction in CALI in April 2020.**

(billions of JPY, except for %)

	FY2019 2Q Results	FY2020 2Q Results	YoY	
			Change	%
Fire	164.4	164.3	-0.0	-0.0%
Marine	33.3	31.8	-1.4	-4.5%
P.A.	101.8	91.4	-10.4	-10.2%
Auto	536.3	546.8	10.4	2.0%
CALI	143.1	123.0	-20.0	-14.0%
Other	166.3	169.8	3.5	2.1%
<b>Total</b>	<b>1,145.4</b>	<b>1,127.4</b>	<b>-17.9</b>	<b>-1.6%</b>
<b>o/w Private insurance Total</b>	<b>1,001.9</b>	<b>1,004.0</b>	<b>2.1</b>	<b>0.2%</b>

- Fire:
  - ➡ Increase in premiums ceded
  - ➡ Grew due to rate revision in October 2019
- Marine:
  - ➡ Fell due to less movements of goods following COVID-19
- P.A.:
  - ➡ Fell in travel insurance due to COVID-19
- Auto:
  - ➡ Increase driven by rate revision in January 2020, etc.
  - ➡ Decrease in new vehicles sales due to COVID-19
- CALI:
  - ➡ Fell due to rate reduction in April 2020
  - ➡ Decrease in new vehicles sales due to COVID-19
- Other:
  - ➡ Grew due to large contracts in movable comprehensive insurance, etc.
  - ➡ Fell in event cancellation insurance, etc. due to COVID-19

## Domestic Non-Life 3: TMNF Net Incurred Loss

Consolidated	Domestic Life
Domestic Non-Life	International



Net incurred losses fell by ¥43.9bn YoY to ¥591.2bn mainly due to lower accident frequency in auto and P.A. insurance as a result of COVID-19 Impacts (-¥36.0bn) and a drop in net incurred losses relating to natural catastrophes (-¥15.3bn).

(billions of JPY, except for %)

	FY2019 2Q Results	Nat-Cat losses	FY2020 2Q Results	Nat-Cat losses	YoY	
					Change	%
Fire	142.3	72.0	144.4	58.9	2.1	1.5%
Marine	26.6	0.9	20.6	1.1	- 6.0	-22.5%
P.A.	47.1	-	36.9	-	- 10.1	-21.6%
Auto	324.7	6.8	281.8	5.0	- 42.9	-13.2%
Other	94.3	2.4	107.3	1.8	13.0	13.8%
<b>Total</b>	<b>635.1</b>	<b>82.2</b>	<b>591.2</b>	<b>66.9</b>	<b>- 43.9</b>	<b>-6.9%</b>

(Notes)

Including loss adjustment expenses in the above table

- Fire:
  - ↘ Increase in large losses overseas due to COVID-19 Impacts, etc.
  - ↗ Decrease in natural catastrophes
- Marine:
  - ↗ Decrease in small size losses for both hull and cargo
- P.A.:
  - ↗ Lower accident frequency due to COVID-19 related stay at home policies
- Auto:
  - ↗ Lower accident frequency due to COVID-19 related stay at home policies
- Other:
  - ↘ Increase in net incurred losses in overseas trade credit insurance due to COVID-19 Impacts

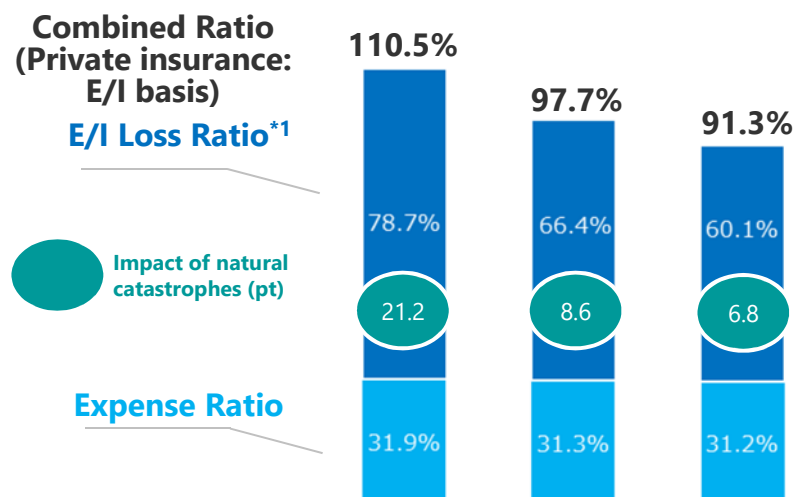


# Domestic Non-Life 4: TMNF Combined Ratio

Consolidated	Domestic Life
Domestic Non-Life	International



**E/I loss ratio fell by 6.2pts YoY to 60.1% mainly due to a fall in net incurred losses from the impacts of COVID-19. Expense ratio declined by 0.1pt YoY to 31.2% as a drop in corporate expense ratio offset a rise in agency commission ratio. Combined ratio improved by 6.4pts YoY to 91.3%.**



- **E/I Basis Loss Ratio:**
  - ➔ Fell for all lines excluding Other due to the impacts of COVID-19 related stay at home policies and a reduction in natural catastrophes
  - ➔ Increased by 4.6pts in Other following an increase in net incurred losses in overseas trade credit insurance due to the impacts of COVID-19
- **Expense Ratio:**
  - ➔ Corporate expense ratio fell by 0.8pt due to a fall in non-personnel expenses
  - ➔ Agency commission ratio rose by 0.6pt due to the effect of consumption tax hike, etc.
- **Combined Ratio:**
  - Improved by 6.4pts YoY to 91.3% due to the above and other factors

(billions of JPY)

	FY2018 2Q Results	FY2019 2Q Results	FY2020 2Q Results	YoY Change
Net premiums written	959.1	1,001.9	1,004.0	2.1
Net premiums earned*2	943.6	957.2	983.4	26.1
Net incurred losses*1	742.3	635.1	591.2	- 43.9
Business expenses	305.5	313.9	313.4	- 0.5
Corporate expenses	112.5	111.3	103.8	- 7.4
Agency commissions	192.9	202.6	209.5	6.8

\*1 Including loss adjustment expenses

\*2 Excluding provision for nat-cat underwriting reserves

## E/I Loss Ratio\*1

	FY2019 2Q Results	FY2020 2Q Results	YoY Change
Fire	98.7%	94.6%	- 4.1pt
Marine	82.1%	60.2%	- 22.0pt
P.A.	54.5%	45.0%	- 9.5pt
Auto	61.0%	51.8%	- 9.1pt
Other	58.4%	63.0%	4.6pt
<b>Private insurance Total</b>	<b>66.4%</b>	<b>60.1%</b>	<b>- 6.2pt</b>

# Domestic Non-Life 5: TMNF Asset Management Results

Consolidated	Domestic Life
Domestic Non-Life	International



**Net investment income and other increased by ¥12.2bn YoY to ¥95.7bn mainly because of an increase in dividends income from overseas subsidiaries.**

(billions of JPY)

	FY2019 2Q Results	FY2020 2Q Results	COVID-19 Impacts	YoY Change
<b>Net investment income and other</b>	<b>83.5</b>	<b>95.7</b>	- 6.0	12.2
<b>Net investment income</b>	<b>102.3</b>	<b>112.1</b>	- 6.0	9.8
<b>Net interest and dividends income</b>	<b>57.8</b>	<b>63.0</b>	- 7.0	5.2
Interest and dividends	77.5	81.2		3.7
Dividends from domestic stocks	37.1	30.9		- 6.2
Dividends from foreign stocks	10.4	23.7		13.2
Income from domestic bonds	10.2	8.6		- 1.6
Income from foreign bonds	2.3	1.3		- 0.9
Income from other domestic securities*1	2.1	0.2		- 1.9
Income from other foreign securities*2	9.4	10.4		1.0
Transfer of investment income on deposit premiums	- 19.7	- 18.1		1.5
<b>Net capital gains</b>	<b>44.5</b>	<b>49.1</b>	1.0	4.5
Gains/Losses on sales of securities	57.9	56.8		- 1.0
Impairment losses on securities	- 2.5	- 2.9		- 0.4
Impairment losses on domestic stocks	- 2.2	- 1.1		1.0
Gains/Losses on derivatives	- 7.8	- 5.4		2.4
Foreign exchange gains/losses	- 3.2	0.1		3.3
Other investment income and expenses	0.2	0.1		- 0.1
Others	- 0.0	0.3		0.3
<b>Other ordinary income and expenses</b>	<b>- 18.8</b>	<b>- 16.3</b>		2.4

\*1 Income from domestic securities excluding domestic stocks and domestic bonds.

\*2 Income from foreign securities excluding foreign stocks and foreign bonds.

Note: Plus and minus of the figures in the above table correspond to positive and negative to profit respectively.

## – Net interest and dividends income:

- ➡ Decrease in dividends income from domestic equities
- ➡ Increase in dividends income from overseas subsidiaries

## – Net capital gains:

- ➡ Decrease in losses on derivatives due to improved hedging cost
- ➡ The reversal effect of FX losses on USD deposits posted in FY2019

¥57.0bn capital gains from sales of business-related equities, ¥2.0bn increase YoY

(Sales of business-related equities was ¥72.0bn)

# Domestic Life: TMNL Results

Consolidated	Domestic Life
Domestic Non-Life	International



**New policies ANP moved flat YoY as the strong sales of new medical insurance offset the impact of the self-imposed suspension of face-to-face sales activities during the COVID-19 pandemic.**  
**Net income rose by ¥9.1bn YoY to ¥22.3bn mainly due to a reaction to an increase in system development expenses in 2Q FY2019 and a drop in hedging cost.**

(Billions of JPY)

	FY2019 2Q Results	FY2020 2Q Results	YoY	
			Change	%
<b>New policies ANP</b>	<b>18.4</b>	<b>18.4</b>	- 0.0	- 0.1%
<b>In-force policies ANP</b>	<b>844.9</b>	<b>826.4</b>	- 18.5	- 2.2%

	FY2019 2Q Results	FY2020 2Q Results	COVID-19 Impacts	YoY Change
<b>Ordinary income</b>	<b>481.8</b>	<b>488.6</b>		6.8
Insurance premiums and other	422.3	405.8		- 16.4
<b>Net income</b>	<b>13.2</b>	<b>22.3</b>	0.4	9.1
<b>Ordinary profit</b>	<b>15.6</b>	<b>29.9</b>		14.2
(-) Capital gains / losses	- 5.3	- 2.7		2.6
(-) Non-recurring income / losses	- 0.2	- 0.6		- 0.3
<b>Core operating profit</b>	<b>21.3</b>	<b>33.3</b>	- 0.4	11.9

	FY2019 2Q Results	FY2020 2Q Results	YoY Change
<b>Increase in MCEV*</b>	<b>- 51.4</b>	<b>145.6</b>	197.1
Value of new business + Existing business contribution	30.2	34.0	3.8

\* Excluding capital transactions

## – New Policies ANP

- ➡ Impact of the self-imposed suspension of face-to-face sales activities during the COVID-19 pandemic
- ➡ Strong sales of new medical insurance targeting seniors (hereinafter, the “New Product”)

## – In-force Policies ANP

- ➡ Impact of a reduction in in-force policies caused by increased surrender, etc. which exceeded an increase in new policies, in corporate insurance (In-force policies ANP were up 2.1% YoY excluding corporate insurance)

## – Net Income

- ➡ Drop in business expenses due to factors such as a reaction to the increased system development cost in 2Q FY2019
- ➡ Improved capital gains / losses due to a reduction in hedging cost, etc.

## – Business Unit Profits (Increase in MCEV)

- ➡ Higher yen interest rates and reaction to the lower yen interest rates in 2Q FY2019

# International 1 : Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



**NPW almost moved sideways YoY on a local currency basis as the growth measures taken offset the reduction caused by the impact of COVID-19 (approx. - ¥30bn) and the underwriting practice focusing on profitability. In North America, NPW rose 3.1% YoY on a local currency basis or 6.6% excluding the impact of COVID-19, capturing the hardening market.**

(billions of JPY, except for %)

		FY2019 2Q Results	FY2020 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>4</sup> )
Applied FX rate (USD/JPY)		As of end Jun. 2019	As of end Jun. 2020	Change	%	
		JPY 107.7	JPY 107.7			
	North America <sup>*1</sup>	550.7	567.2	16.4	3.0%	3.1%
	Philadelphia	179.9	170.1	- 9.7	-5.4%	-5.4%
	Delphi	135.7	144.1	8.3	6.2%	6.2%
	TMHCC	195.6	216.4	20.7	10.6%	10.7%
	Europe & Middle East & Africa <sup>*2</sup>	93.6	79.3	- 14.2	-15.2%	-8.5%
	South & Central America	67.7	49.0	- 18.6	-27.6%	2.6%
	Asia & Oceania	91.9	87.2	- 4.6	-5.1%	-2.9%
	Total Non-Life <sup>*3</sup>	812.7	782.9	- 29.8	-3.7%	-0.0%
Life		48.3	45.9	- 2.3	-4.9%	-2.0%
Total		861.1	828.9	- 32.1	-3.7%	-0.1%

\*1: North American figures include European business of TMHCC, but do not include North American business of TMK.

\*2: Figures of "Europe, Middle East & Africa" include North American business of TMK, but do not include European business of TMHCC.

\*3: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries.

\*4: Excluding the FX impact for conversion to the Japanese yen.

The above figures of International Insurance Business are the total of foreign branches of TMNF, equity method investees, and non-consolidated companies, etc., and are aligned with the disclosure format of our IR materials from before. (The same applies below)

## North America (See P. 17-19 for details)

- ➡ Philadelphia: Although premiums were raised for the renewal book (+9.9%), NPW fell due to the impact of COVID-19 and the underwriting practice focusing on profitability
- ➡ Delphi: NPW rose thanks to the expanded underwriting of non-life book
- ➡ TMHCC: Despite the impact of COVID-19, NPW grew mainly due to the rate increase in medical stop-loss (+23.5% on an effective rate change basis, including higher deductibles effect) and the expanded underwriting of segments outside the U.S.

## Europe, Middle East & Africa

- ➡ Despite the rate increase in Lloyd's, NPW fell due to the impact of the stronger yen and changes made to the managerial accounting rules applied to Hollard (-¥10.7bn).

## South & Central America

- ➡ Despite the expanded underwriting of corporate products, NPW declined due to the impact of the stronger yen.

## Asia & Oceania

- ➡ NPW shrank due to the impact of the stronger yen and COVID-19.

## Life

- ➡ Despite an increase in Thailand, NPW fell due to the impact of COVID-19 and the stronger yen.



## International 2 : Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



**Business unit profits shrank by ¥66.5bn mainly due to the impact of COVID-19 (-¥73.1bn). Of the ¥73.1bn reduction, -¥40bn\*<sup>1</sup> was related to underwriting (approx. -¥36.0bn for Event Cancellation and Business Interruption total) and -¥33.1bn was related to investment.**

(billions of JPY, except for %)

		FY2019 2Q Results	FY2020 2Q Results			
Applied FX rate (USD/JPY)		As of end Jun. 2019	As of end Jun. 2020	YoY		(Ref.) YoY % (Excluding FX effects <sup>(5)</sup> )
		JPY 107.7	JPY 107.7	Change	%	
	North America <sup>(2)</sup>	80.8	34.2	- 46.6	-57.6%	-57.6%
	Philadelphia	18.8	13.6	- 5.1	-27.6%	-27.6%
	Delphi	37.8	10.2	- 27.5	-72.9%	-72.9%
	TMHCC	21.6	8.0	- 13.6	-62.9%	-62.9%
	Europe & Middle East & Africa <sup>(3)</sup>	4.2	- 7.7	- 11.9	-284.1%	-295.4%
	South & Central America	6.7	5.3	- 1.4	-22.0%	10.7%
	Asia & Oceania	8.4	9.1	0.7	8.7%	9.4%
	Total Non-Life <sup>(4)</sup>	101.9	42.4	- 59.4	-58.3%	-57.4%
Life		6.4	- 3.9	- 10.4	-162.1%	-162.7%
Pure		-	3.9	3.9	-	-
Total		102.6	36.1	- 66.5	-64.8%	-63.7%

\*1: The difference with the impact of COVID-19 on consolidated net income (-¥52.7bn) on P.3 is attributable to the impact on TMNF's international insurance business for Group reinsurance and so on (which was reflected in the 2Q consolidated net income and will be reflected in the 3Q business unit profits).

\*2: North American figures include European business of TMHCC, but do not include North American business of TMK.

\*3: Figures of "Europe, Middle East & Africa" include North American business of TMK, but do not include European business of TMHCC.

\*4: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries.

\*5: Excluding the FX impact for conversion to the Japanese yen.

\*6: Includes the impact of changes made to the managerial accounting rules applied to Singaporean life business (-¥2.5bn).

- North America (See P. 17-19 for details)
  - Profits decreased mainly due to the impact of COVID-19, although net incurred losses related to natural catastrophes fell and profitability improvement efforts had a positive impact
- Europe, Middle East & Africa
  - Although FX gains/losses improved in Europe, profits shrank due to the impact of COVID-19
- South & Central America
  - Profits rose on a local currency basis thanks to factors such as a decline in car accidents due to COVID-19
- Asia & Oceania
  - Profits grew thanks to factors such as a decline in car accidents due to COVID-19 in Asia
- Life<sup>\*6</sup>
  - Profits fell mainly due to the reaction to the rise in share prices in the previous year in Singapore
- Pure
  - Profits grew thanks to the new consolidation (recorded for the applicable portion of the period)

## ■ Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 2Q Results	FY2020 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>2</sup> )
			Change	%	
FX rates (USD/JPY)	As of end Jun. 2019	As of end Jun. 2020			
	JPY 107.7	JPY 107.7			
Net premiums written	179.9	170.1	-9.7	-5.4%	-5.4%
Net premium earned	182.5	177.4	-5.0	-2.8%	-2.7%
Net incurred losses	124.4	119.8	-4.5	-3.7%	-3.6%
Nat-Cat losses	8.8	6.6	-2.1	-24.0%	-24.0%
Commissions / Other Underwriting expenses	56.0	53.5	-2.4	-4.4%	-4.4%
Underwriting profit	2.0	4.0	1.9	95.4%	95.5%
Net investment income / loss	18.9	12.1	-6.7	-35.8%	-35.8%
Business unit profits	18.8	13.6	-5.1	-27.6%	-27.6%
Loss ratio <sup>*1</sup>	68.2%	67.5%	-0.7pt	-	-
Expense ratio <sup>*1</sup>	30.7%	30.2%	-0.5pt	-	-
Combined ratio <sup>*1</sup>	98.9%	97.7%	-1.2pt	-	-

\*1: Denominator used is net premiums earned

\*2: Excluding FX effects due to yen conversion

## Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 2Q Results	FY2020 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
	As of end Jun. 2019	As of end Jun. 2020	Change	%	
FX rates (USD/JPY)	JPY 107.7	JPY 107.7			
Net premiums written	135.7	144.1	8.3	6.2%	6.2%
Net premium earned	130.1	141.3	11.2	8.6%	8.7%
Net incurred losses	94.1	102.2	8.1	8.6%	8.7%
Nat-Cat losses	-	-	-	-	-
Commissions / Other Underwriting expenses	35.3	40.0	4.7	13.6%	13.6%
Underwriting profit	0.6	-1.0	-1.6	-261.3%	-261.6%
Net investment income / loss	81.3	39.0	-42.2	-52.0%	-51.9%
Business unit profits	37.8	10.2	-27.5	-72.9%	-72.9%
Loss ratio <sup>*1</sup>	72.4%	72.4%	-0.0pt	-	-
Expense ratio <sup>*1</sup>	27.1%	28.4%	1.2pt	-	-
Combined ratio <sup>*1</sup>	99.5%	100.7%	1.2pt	-	-

<-¥42.2bn YoY decrease in net investment income>

Net investment income in the table on the left includes hedging gains/losses for stock price options. Excluding the impact, the YoY change in net investment income is -¥31.9bn.

## Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2019 2Q Results	FY2020 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>*2</sup> )
	As of end Jun. 2019	As of end Jun. 2020	Change	%	
FX rates (USD/JPY)	JPY 107.7	JPY 107.7			
Non-life	67.4	75.2	7.8	11.6%	11.7%
Life	68.3	68.9	0.5	0.8%	0.8%
Total	135.7	144.1	8.3	6.2%	6.2%

## Loss Ratio by Segment<sup>\*1</sup>

	FY2019 2Q Results	FY2020 2Q Results	Change
Non-life	70.8%	76.9%	6.2pt
Life	73.8%	67.5%	-6.3pt
Total	72.4%	72.4%	-0.0pt

\*1: Denominator used is net premiums earned

\*2: Excluding FX effects due to yen conversion

## ■ Changes in Major P/L Items

(billions of JPY, except for % and pt)

	FY2019 2Q Results	FY2020 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>2)</sup> )
FX rates (USD/JPY)	As of end Jun. 2019	As of end Jun. 2020	Change	%	
	JPY 107.7	JPY 107.7			
Net premiums written	195.6	216.4	20.7	10.6%	10.7%
Net premium earned	166.6	188.0	21.3	12.8%	12.9%
Net incurred losses	108.1	138.8	30.7	28.4%	28.5%
Nat-Cat losses	0.7	0.6	-0.1	-23.1%	-23.1%
Commissions / Other Underwriting expenses	38.5	42.5	4.0	10.4%	10.5%
Underwriting profit	12.9	0.0	-12.8	-99.5%	-99.5%
Net investment income / loss	14.3	9.9	-4.3	-30.7%	-30.6%
Business unit profits	21.6	8.0	-13.6	-62.9%	-62.9%
Loss ratio <sup>*1</sup>	64.9%	73.8%	8.9pt	-	-
Expense ratio <sup>*1</sup>	23.1%	22.6%	-0.5pt	-	-
Combined ratio <sup>*1</sup>	88.0%	96.5%	8.5pt	-	-

<Expense ratio and combined ratio>

The calculation method of expense ratio for the purpose of managerial accounting was changed effective 1Q FY2020. Accordingly, the expense ratio and combined ratio for FY2019 were recalculated using the new calculation method. This has not changed the bottom-line result.

## ■ Net Premiums Written by Segment

(billions of JPY, except for %)

	FY2019 2Q Results	FY2020 2Q Results	YoY		(Ref.) YoY % (Excluding FX effects <sup>2)</sup> )
FX rates (USD/JPY)	As of end Jun. 2019	As of end Jun. 2020	Change	%	
	JPY 107.7	JPY 107.7			
Non-life : North America	69.0	72.4	3.3	4.9%	5.0%
A&H	69.2	77.6	8.4	12.3%	12.3%
International	57.3	66.2	8.8	15.5%	15.6%
Total	195.6	216.4	20.7	10.6%	10.7%

## ■ Loss Ratio by Segment<sup>\*1</sup>

	FY2019 2Q Results	FY2020 2Q Results	Change
Non-life : North America	61.0%	87.6%	26.6pt
A&H	78.5%	79.0%	0.5pt
International	47.6%	49.6%	2.0pt
Total	64.9%	73.8%	8.9pt

\*1: Denominator used is net premiums earned

\*2: Excluding FX effects due to yen conversion



## FY2020 Projections

### <Reference>

	Assumptions used for FY2020 Projections	
	FX Rate USD/JPY	Nikkei Stock Average
Original Projections (Announced in Aug.) (End of Mar. 2020 rate and stock avg.)	108.83 yen	18,917 yen
Revised Projections (End of Sept. 2020 rate and stock avg.)	105.80 yen	23,185 yen

# Domestic Non-Life: TMNF

Consolidated	Domestic Life
Domestic Non-Life	International



**Net income was revised downward by ¥4.0bn from August projection to ¥155.0bn mainly due to impairment losses on affiliate equities, although COVID-19 Impacts will decrease.**

**Business unit profit was revised upward by ¥15.0bn from August projection to ¥138.0bn largely due to the reduced COVID-19 Impacts.**

	FY2020 Projections						Difference (④-①)
	Original (①)	COVID-19 Impacts (②)	Except COVID-19 (③=①-②)	Revised (④)	COVID-19 Impacts (⑤)	Except COVID-19 (⑥=④-⑤)	
<b>Underwriting profit/loss</b>	67.0	-24.0	91.0	74.0	-22.5	96.5	7.0
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	100.8			101.3			0.5
Net premiums written (Private insurance)	1,966.1			1,968.5			2.4
Net premiums earned (Private insurance)*1	1,935.2			1,958.3			23.1
Net incurred losses (Private insurance)*2	-1,152.9			-1,185.6			-32.7
Natural catastrophe losses	-55.0			-80.0			-25.0
Provision/Reversal of foreign currency denominated outstanding claims reserves	-			2.9			2.9
Other than above	-1,097.9			-1,108.6			-10.7
Business expenses (Private insurance)	-649.9			-636.8			13.0
Provision/Reversal of catastrophe loss reserves	-33.8			-27.3			6.4
Auto	7.5			-4.8			-12.3
Fire	-30.6			-11.2			19.4
Provision/Reversal for nat-cat underwriting reserves	-12.6			-8.5			4.1
Provision/Reversal of underwriting result for the first year*3	-18.9			-28.1			-9.1
<b>Net investment income (loss) and other</b>	146.2	-7.0	153.2	144.9	-4.8	149.7	-1.3
<b>Ordinary profit/loss</b>	214.0			222.0			8.0
<b>Extraordinary gains/losses</b>	-6.9			-18.8			-11.9
<b>Net income/loss</b>	159.0	-23.0	182.0	155.0	-20.7	175.7	-4.0
<b>Business unit profit</b>	123.0	-1.0	124.0	138.0	15.0	123.0	15.0

\*1 Excluding provision for nat-cat underwriting reserves

\*2 Including loss adjustment expenses

\*3 provision for the general underwriting reserves excluding provision for unearned premiums

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively

2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

## Underwriting Profit

Revised upward by ¥7.0bn from August projection to ¥74.0bn mainly due to the following factors:

- ➡ Increase in net premiums earned and temporary fall in business expenses
- ➡ Upward revision of net incurred losses due to an increase in natural catastrophes, large losses, etc.

## Net Investment Income and Other

Revised downward by ¥1.3bn from August projection to ¥144.9bn mainly due to the following factors:

- ➡ Downward revision to gains/losses on sales of securities and gains/losses on derivatives (by -¥2.8bn and -¥2.5bn respectively)
- ➡ Upward revision of recovery from private equities

## Extraordinary gains/losses:

- ➡ Revised downward by ¥11.9bn from August projection to -¥18.8bn mainly due to impairment losses on affiliate equities

## Net Income

- ➡ Revised downward by ¥4.0bn from August projection to ¥155.0bn due to the above factors, etc.

## Business Unit Profit

- ➡ Revised upward by ¥15.0bn from August projection to ¥138.0bn as other extraordinary gains/losses are excluded from net income

**Net income was revised upward by ¥6.0bn from August projection to ¥47.0bn due to gains on sales of overseas bonds, a fall in hedging cost, etc.**  
**No change was made to business unit profit projected in August mainly because there had been no material change in yen interest rates.**

(billions of JPY)

	FY2020 Projections						Difference (④-①)
	Original (①)	COVID-19 Impacts (②)	Except COVID-19 (③=①-②)	Revised (④)	COVID-19 Impacts (⑤)	Except COVID-19 (⑥=④-⑤)	
New policies ANP	38.0	-5.0	43.0	38.0	-5.0	43.0	-
In-force policies ANP			809.0	804.0	-5.0	809.0	
Ordinary income			945.0	950.0			
Insurance premiums and other			836.0	836.0			
Net income	41.0	1.0	40.0	47.0	3.0	44.0	6.0
Ordinary profit			52.0	60.0			
(-) Capital gains / losses			-8.0	-4.0			
(-) Non-recurring income / losses			0.0	0.0			
Core operating profit	61.0	0.0	61.0	65.0	2.0	63.0	4.0
Increase in MCEV*	164.0	-11.0	175.0	164.0	-11.0	175.0	-
value of new business + Existing business contribution	71.0	-11.0	82.0	71.0	-10.0	81.0	-

\* Excluding capital transaction

## — New Policies ANP

- No change to August projection given support provided by the New Product although COVID-19 Impacts remain

## — Net Income

- Upward revision by ¥6.0bn from August projection to ¥47.0bn mainly due to the following factors:
  - Gains on sales of European bonds, private equities, etc.
  - Fall in overall provisions due to strong sales of the New Product that requires smaller underwriting reserves while no change is made to projected top-line results
  - Fall in hedging cost due to the contraction of interest rate differentials between Japan and overseas

## — Business Unit Profit (Increase in MCEV)

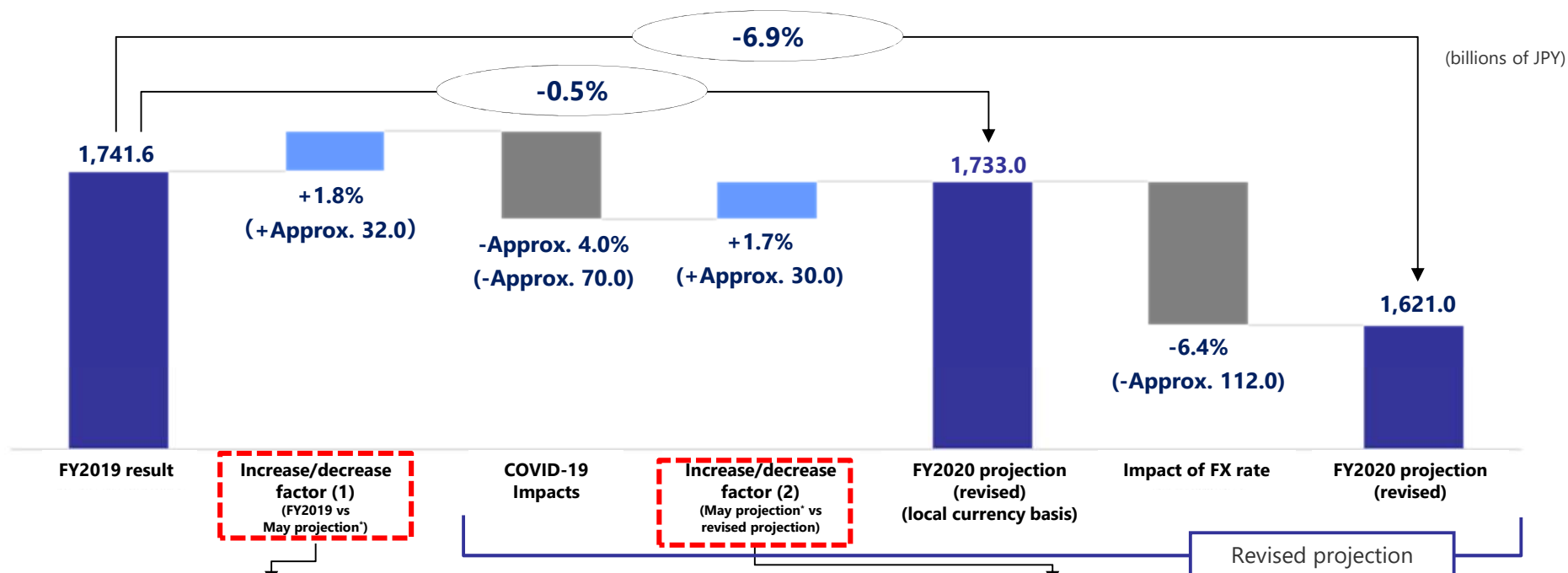
- No change to August projection given that there has been no material change to interest rates and the business is progressing as planned

# International 1: Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



NPW are expected to almost move sideways YoY declining 0.5% on a local currency basis as growth measures in each line offset COVID-19 Impacts (approx. -¥70.0bn). On a non-local currency basis, NPW are expected to fall by 6.9% due to the impact of the further strengthening of the yen (-¥112.0bn).



## [Increase/decrease factor (1) (FY2019 vs May projection\*)]

Announced at the May conference call presentation (see p.25)

## [Increase/decrease factor (2) (May projection\* vs revised projection)]

### — North America (+approx. ¥20.0bn)

- All three North American companies are expected to implement the rate increases exceeding the plan in their main business lines.

### — Europe, Middle East & Africa (+approx. ¥10.0bn)

- Europe's rate environment is expected to keep improving.



# International 1: Net Premiums Written

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of JPY, except for %)

		FY2019 Results	FY2020 Projections				
			Pre COVID-19 Basis (Announced in May)	Projections (b)	YoY		(Ref.) YoY % (Excluding FX effects <sup>*4</sup> )
					Change	%	
Applied FX rate (USD/JPY)		As of end- Dec. 2019	As of end- Mar. 2020	As of end- Sep. 2020			
		JPY 109.5	JPY 108.8	JPY 105.8			
	North America <sup>*1</sup>	1,124.0	1,147.0	1,098.0	- 26.0	- 2.3%	1.2%
	Philadelphia	369.2	368.0	340.0	- 29.2	- 7.9%	- 4.5%
	Delphi	278.2	287.0	281.0	2.8	1.0%	4.7%
	TMHCC	399.1	417.0	404.0	4.9	1.2%	4.8%
	Europe, Middle East & Africa <sup>*2</sup>	196.1	155.0	166.0	- 30.1	- 15.3%	- 7.6%
	South & Central America	136.0	111.0	98.0	- 38.0	- 27.9%	4.2%
	Asia & Oceania	184.5	186.0	168.0	- 16.5	- 8.9%	- 4.1%
	Total Non-Life <sup>*3</sup>	1,649.5	1,599.0	1,530.0	- 119.5	- 7.2%	- 0.8%
Life		92.0	95.0	91.0	- 1.0	- 1.1%	5.6%
Total		1,741.6	1,694.0	1,621.0	- 120.6	- 6.9%	- 0.5%

YoY %  
(Excl. COVID-19 Impacts)  
**+ 4.9%**

YoY %  
(Excl. COVID-19 Impacts)  
**+ 3.8%**

<sup>\*1</sup>: North American figures include European business of TMHCC, but do not include North American business of TMK.  
<sup>\*2</sup>: Figures of "Europe, Middle East & Africa" include North American business of TMK, but do not include European business of TMHCC.  
<sup>\*3</sup>: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries.  
<sup>\*4</sup>: Excluding the FX impact for conversion to the Japanese yen.

Yen's appreciation impact  
-¥112.0 bn

### NPWs by Business Domain (billions of JPY)

	FY2019 Results	FY2020 Profits (Pre COVID-19 Basis)	YoY		(Ref.) YoY (Excluding FX effects) <sup>4</sup>
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2019 JPY 109.5	As of end-Mar. 2020 JPY 108.8			
North America <sup>*1</sup>	1,124.0	1,147.0	22.9	2.0%	2.8%
Philadelphia	369.2	368.0	- 1.2	- 0.3%	0.3%
Delphi	278.2	287.0	8.7	3.2%	3.8%
TMHCC	399.1	417.0	17.8	4.5%	5.2%
Europe & Middle East & Africa <sup>*2</sup>	196.1	155.0	- 41.1	- 21.0%	- 11.7%
South & Central America	136.0	111.0	- 25.0	- 18.4%	6.3%
Asia & Oceania	184.5	186.0	1.4	0.8%	7.6%
<b>Total Non-Life<sup>*3</sup></b>	<b>1,649.5</b>	<b>1,599.0</b>	<b>- 50.5</b>	<b>- 3.1%</b>	<b>1.3%</b>
<b>Life</b>	<b>92.0</b>	<b>95.0</b>	<b>2.9</b>	<b>3.3%</b>	<b>10.9%</b>
<b>Pure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1,741.6</b>	<b>1,694.0</b>	<b>- 47.6</b>	<b>- 2.7%</b>	<b>1.8%</b>

<sup>\*1</sup> North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

<sup>\*2</sup> Figures of "Europe & Middle East & Africa" include North American business of TMK, but not include European and Reinsurance businesses of TMHCC

<sup>\*3</sup> Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

<sup>\*4</sup> Excluding FX effects due to yen conversion

- NPWs are projected to grow 1.8% YoY on a local currency basis thanks to factors such as the execution of growth measures in each business and rate increases but are projected to decrease 2.7% YoY on the Japanese yen basis due to the appreciation of the yen (-¥78.1bn)

### Major Factors of Changes

#### North America

- Philadelphia: Projected to be flat as the reduction caused by the underwriting practice focusing on profitability will be offset by rate increases for renewal books, and so on
- Delphi: Projected to grow due to the expanded underwriting of non-life insurance
- TMHCC: Projected to increase due to the contribution of a business purchased as a bolt-on acquisition, in addition to the growth in each segment

#### Europe, Middle East & Africa(\*)

- Projected to decline due to the run-off of the company business in Europe and an increase in reinsurance to stabilize profitability

(\*) Including the impact (-¥12.7bn) of the change in management accounting principles on Hollard. There is no impact on earnings

#### South & Central America

- Projected to decline due to the impact of the stronger yen, although the underwriting of products other than auto insurance will be expanded

#### Asia & Oceania

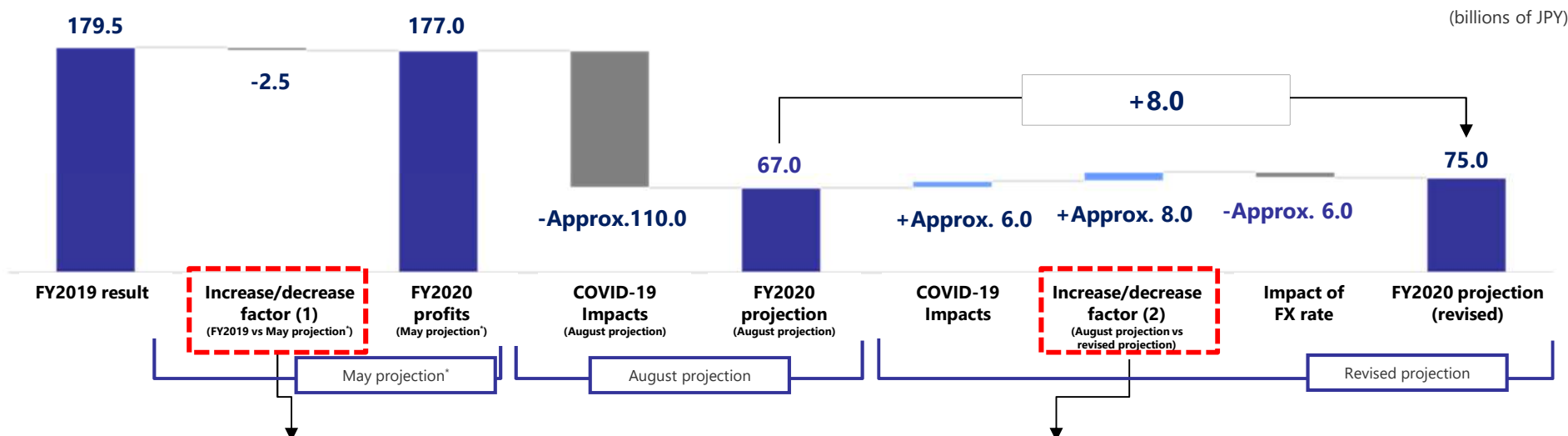
- Projected to increase due to factors such as the expanded underwriting of auto insurance in India and Thailand

#### Life Insurance

- Projected to increase due to factors such as an increase in sales in Thailand and India

## International 2: Business Unit Profits

Business Unit Profits was revised upward by ¥8.0bn from August projection to ¥75.0bn mainly driven by improvement of COVID-19 impacts (approx. +¥6.0bn) and a decrease in natural catastrophes (approx. +¥5.0bn)



### [Increase/decrease factor (1) (FY2019 vs May projection\*)]

Announced at the May conference call presentation (see p.28)

### [Increase/decrease factor (2) (August projection vs revised projection)]

- **Common item in all segments (upward revision)**
  - Expected approx. ¥5.0bn fall in natural catastrophes compared with the August projection
- **North America (upward revision)**
  - Delphi's underwriting profit is expected to improve in life and non-life segments
- **Life (downward revision)**
  - Impact of changes to managerial accounting rules in Singapore Life (-¥2.5bn)

## International 2: Business Unit Profits

Consolidated	Domestic Life
Domestic Non-Life	International



(billions of JPY, except for %)

		FY2019 Results	FY2020 Projections							
			Pre COVID-19 Basis (Announced in May)	Original (a) (Announced in August)	COVID-19 Impacts	Projections (b)	Difference (b-a)	YoY		(Ref.) YoY % (Excluding FX effects*4)
								Change	%	
Applied FX rate (USD/JPY)		As of end- Dec. 2019	As of end- Mar. 2020	As of end- Mar. 2020		As of end- Sep. 2020				
		JPY 109.5	JPY 108.8	JPY 108.8	JPY 105.8					
North America *1		147.2	149.0		92.0		- 55.2	- 37.5%	- 35.2%	
	Philadelphia	27.0	40.0		31.0		4.0	14.8%	18.8%	
	Delphi	76.5	62.0		38.0		- 38.5	- 50.3%	- 48.6%	
	TMHCC	41.9	44.0		21.0		- 20.9	- 49.9%	- 48.1%	
	Europe, Middle East & Africa *2	2.2	8.0		- 15.0		- 17.2	-	-	
	South & Central America	10.8	6.0		9.0		- 1.8	- 16.7%	20.5%	
	Asia & Oceania	16.6	11.0		4.0		- 12.6	- 75.9%	- 74.6%	
Total Non-Life *3		179.0	176.0		82.0		- 97.0	- 54.2%	- 51.5%	
Life		12.9	4.0		- 3.0		- 15.9	-	-	
Pure		-	9.0		9.0		9.0	-	-	
Total		179.5	177.0	67.0	- 110.0	75.0	8.0	- 104.5	- 58.2%	- 55.6%

\*1: North American figures include European business of TMHCC, but do not include North American business of TMK.

\*2: Figures of "Europe, Middle East & Africa" include North American business of TMK, but do not include European business of TMHCC.

\*3: Total Non-Life figures include some life insurance figures of composite overseas subsidiaries.

\*4: Excluding the FX impact for conversion to the Japanese yen.

### ■ BUPs by Business Domain (billions of JPY)

	FY2019 Results	FY2020 Profits (Pre COVID-19 Basis)	YoY		(Ref.) YoY (Excluding FX effects) <sup>*4</sup>
			Change	%	
Applied FX rate (USD/JPY)	As of end-Dec. 2019 JPY 109.5	As of end-Mar. 2020 JPY 108.8			
North America <sup>*1</sup>	147.2	149.0	1.7	1.2%	1.9%
Philadelphia	27.0	40.0	12.9	48.0%	49.0%
Delphi	76.5	62.0	- 14.5	- 19.0%	- 18.5%
TMHCC	41.9	44.0	2.0	5.0%	5.7%
Europe & Middle East & Africa <sup>*2</sup>	2.2	8.0	5.7	247.8%	298.9%
South & Central America	10.8	6.0	- 4.8	- 44.6%	- 27.5%
Asia & Oceania	16.6	11.0	- 5.6	- 34.1%	- 29.6%
<b>Total Non-Life<sup>*3</sup></b>	<b>179.0</b>	<b>176.0</b>	- 3.0	- 1.7%	1.1%
<b>Life</b>	<b>12.9</b>	<b>4.0</b>	- 8.9	- 69.0%	- 67.2%
<b>Pure</b>	<b>-</b>	<b>9.0</b>	9.0	-	-
<b>Total</b>	<b>179.5</b>	<b>177.0</b>	- 2.5	- 1.4%	1.9%

<sup>\*1</sup> North American figures include European and Reinsurance businesses of TMHCC, but not include North American business of TMK

<sup>\*2</sup> Figures of "Europe & Middle East & Africa" include North American business of TMK, but not include European and Reinsurance businesses of TMHCC

<sup>\*3</sup> Total Non-Life figures include some life insurance figures of composite overseas subsidiaries

<sup>\*4</sup> Excluding FX effects due to yen conversion

- Projected to grow 1.9% YoY on a local currency basis due to the new consolidation of Pure, a reaction to provisions for reserves in the previous fiscal year, and so on, although there are negative factors such as the assumption that natural catastrophes will be at the same level as the average year (-¥18.6bn) and a drop in investment income; projected to decline ¥2.5bn on the Japanese yen basis due to the appreciation of the yen (-¥5.7bn)

### ■ Main Factors of Change

#### North America

- Philadelphia: Despite the above-mentioned negative factors, profits will grow due to factors such as a reaction to the past reserve provision in FY2019 (+¥23.5bn)
- Delphi: Profits are expected to drop due to factors such as a smaller investment income and the worsening loss ratio of long tail products caused by the lower discount rate
- TMHCC: Despite the above-mentioned negative factors, profits are projected to rise thanks to factors such as a reaction to the reserve provision in FY2019 for crop insurance and medical stop-loss

#### Europe, Middle East & Africa

- In Europe, profits will rise thanks to the improved profitability of Lloyd's and a decline in large losses, despite the above-mentioned negative factors

#### South & Central America

- Profits are projected to shrink due to factors such as the worsening loss ratio in Brazil caused by the intensifying competition and lower income yield

#### Asia & Oceania

- Profits are expected to decline due to factors such as the net incurred losses of nat-cat at the level equivalent to the average year and a reaction to equity sales gains posted in Thailand in FY2019

#### Life Insurance

- Profits are projected to decline due to factors such as a reaction to the higher stock prices and lower interest rates in FY2019 in Singapore (-¥8.1bn)

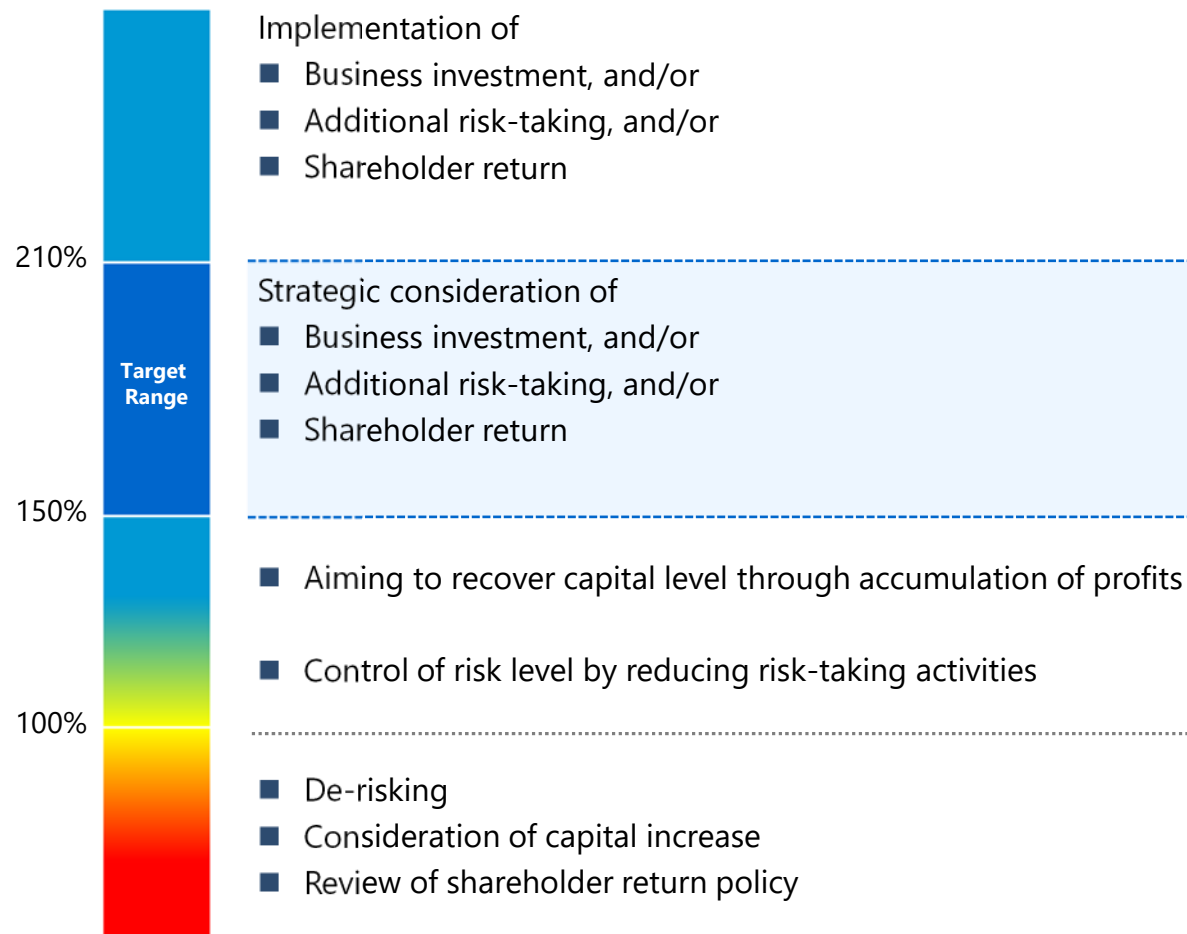


## Economic Solvency Ratio



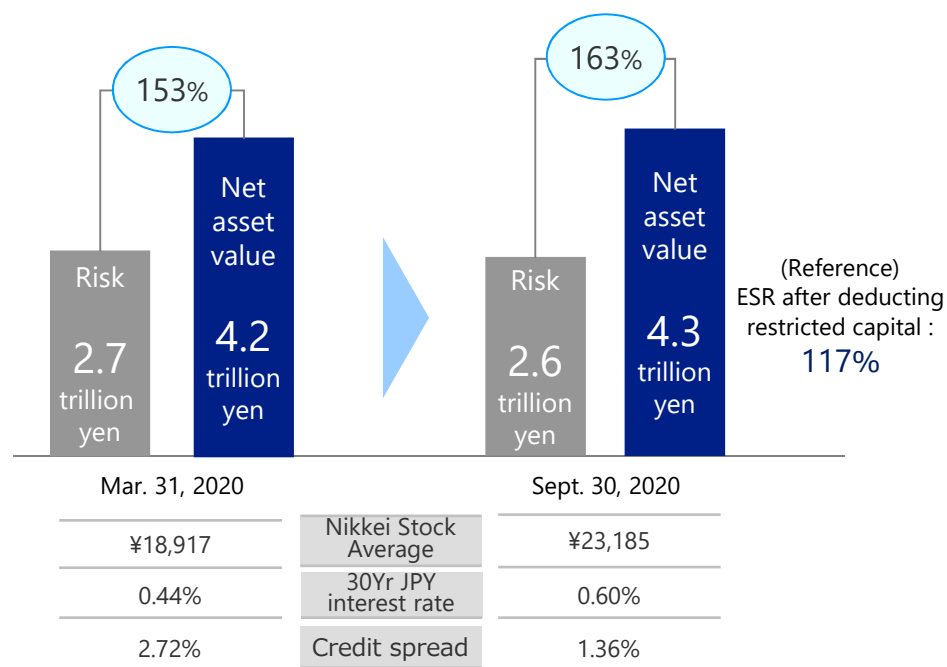
## Economic Solvency Ratio (ESR) Target Range

- ESR is calculated using capital model based on 99.95% VaR (equivalent to AA credit rating).
- The target range is set at 150 to 210% from the viewpoint of soundness and profitability.



- ESR as of Sept. 30, 2020 was 163% (within the target range) reflecting profit contributions in 1H, rises in stock prices and interest rates, etc., and shareholder return.

## ESR\*1



### Factors changing net asset value

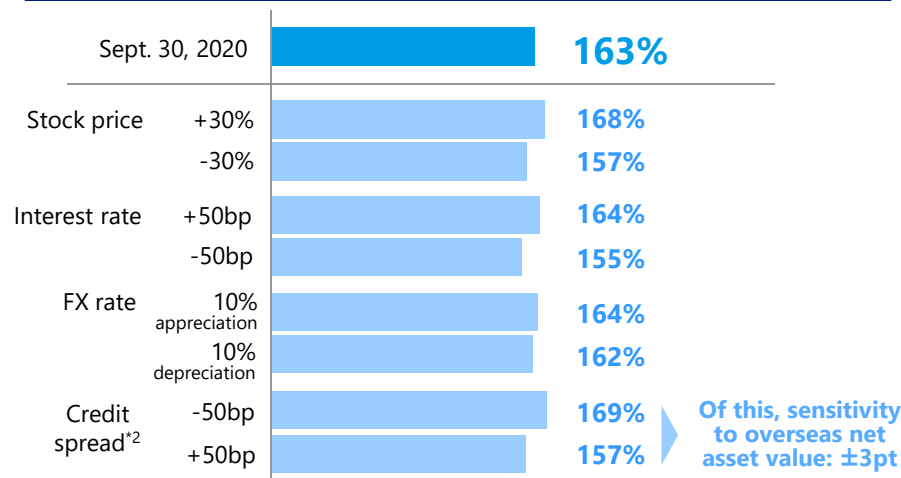
- 1H adjusted net income contribution
- Higher stock prices/interest rates
- Shareholder return, etc.

### Factors changing risk

- Higher interest rates
- Lower credit spread volatility, etc.

\*1: Net asset value of overseas subsidiaries shows the balance as of three months earlier (Dec. 31, 2019 and June 30, 2020).

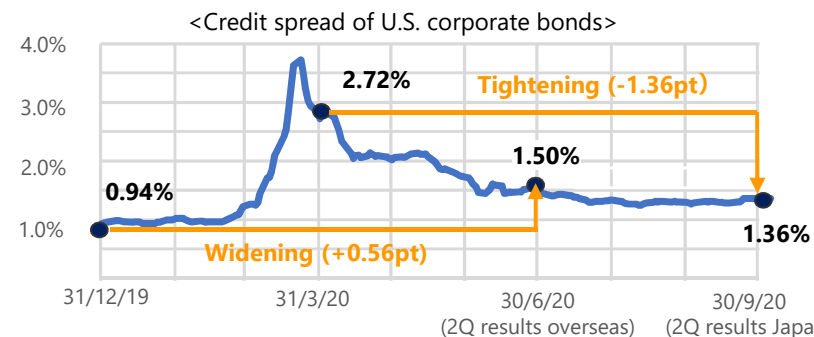
## ESR Sensitivity (based on parallel shift)



Of this, sensitivity to overseas net asset value: ±3pt

Stock price: Continue to sell business-related equities  
Interest rate: Control the impact of interest rate fluctuations through ALM  
FX rate: Limited impact on ESR  
Credit: Allow risk-taking within the risk limits

\*2: Due to different consolidated accounting periods adopted by overseas subsidiaries (refer to \*1), the periods of credit spread fluctuations reflected on ESR differ.





## Reference

## Adjusted Net Income (Group total)

Enhancing transparency and comparability /  
Linking with shareholder return

- For the Group total, “**Adjusted Net Income**” based on financial accounting is used from the perspective of enhancing transparency and comparability as well as linking with shareholder return
- Profit indicator for the Group total as the base for calculating capital efficiency (adjusted ROE) and source of dividends

## Business Unit Profits

Creating long-term corporate value

- For each business domain, “**Business Unit Profits**” is used from the perspective of accurately assessing corporate value including economic value, etc. for the purpose of long-term expansion
- Use MCEV (market-consistent embedded value) for domestic life, which reflects the economic value of the business more accurately

### <Main differences>

		Adjusted Net Income	Business Unit Profits
Domestic non-life	Gains or losses on sales of business-related equities	Included	Excluded
	Provision for reserves of capital nature, etc.	Excluded	Excluded
Domestic life		Adjust the financial accounting basis net income	Increase in MCEV during the current fiscal year
Other than the above	Amortization of goodwill and other intangible fixed assets	Excluded	Excluded

# Definition of Terms②

## Definition of Adjusted Net Income / Adjusted Net Assets / Adjusted ROE

$$\begin{aligned}
 \text{Adjusted Net Income} = & \text{Net income (consolidated)}^{*2} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for contingency reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} \\
 & - \text{Gains or losses on sales or valuation of ALM}^{*4} \text{ bonds and interest rate swaps} \\
 & + \text{Amortization of goodwill and other intangible fixed assets} - \text{Gains or losses on sales or valuation of fixed assets and business investment equities} - \text{Other extraordinary gains / losses, valuation allowances, etc.}
 \end{aligned}$$

$$\begin{aligned}
 \text{Adjusted Net Assets} = & \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} \\
 & - \text{Goodwill and other intangible fixed assets}
 \end{aligned}$$

$$\text{Adjusted ROE} = \frac{\text{Adjusted Net Income}}{\text{Adjusted Net Assets (average balance basis)}}$$

\*1 Each adjustment is on an after-tax basis.

\*2 Net income attributable to owners of the parent in the consolidated financial statements.

\*3 In case of reversal, it is subtracted from the equation.

\*4 ALM = Asset Liability Management. Excluded since it is a counter-balance item of ALM related liabilities.

\*5 For some of the life insurance companies, Business Unit Profit is calculated using the definition in Other businesses (head office expenses, etc. are deducted from profits).

\*6 EV: Embedded Value. An index that shows the sum of the net present value of profits to be gained from policies in-force and the net asset value.

## Definition of Business Unit Profits

### Non-life insurance business

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} = & \text{Net income} + \text{Provision for catastrophe loss reserves}^{*3} + \text{Provision for price fluctuation reserves}^{*3} \\
 & - \text{Gains or losses on sales or valuation of ALM}^{*4} \text{ bonds and interest rate swaps} \\
 & - \text{Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities} \\
 & - \text{Other extraordinary gains / losses, valuation allowances, etc.}
 \end{aligned}$$

### Life insurance business<sup>\*5</sup>

$$\begin{aligned}
 \text{Business Unit Profits}^{*1} = & \text{Increase in EV}^{*6} \text{ during the current fiscal year} - \text{Capital transactions such as capital increase}
 \end{aligned}$$

### Other businesses

Net income determined in accordance with financial accounting principles

## Definition of Net Asset Value

$$\begin{aligned}
 \text{Net Asset Value}^{*1} = & \text{Net assets (consolidated)} + \text{Catastrophe loss reserves} + \text{Contingency reserves} + \text{Price fluctuation reserves} \\
 & - \text{Goodwill and other intangible fixed assets} - \text{Planned distribution to shareholders} + \text{Value of life insurance policies in-force} + \text{Others}
 \end{aligned}$$

# Reconciliation of Adjusted Net Income (Group Total) : 2Q FY2020 Results



## Adjusted Net Income for 2Q FY2020 fell ¥19.1bn YoY to ¥156.2bn

### ● Reconciliation<sup>\*1</sup>

Note: Factors positive to profit are shown with a plus sign

(billions of JPY)

	FY2019 2Q Results	FY2020 2Q Results	YoY Change
Net income attributable to owners of the parent (consolidated)	116.6	62.3	-54.2
Provision for catastrophe loss reserves <sup>*2</sup>	+26.3	+31.6	5.2
Provision for contingency reserves <sup>*2</sup>	+0.6	+0.7	0.0
Provision for price fluctuation reserves <sup>*2</sup>	+2.7	+3.5	0.8
Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps	-1.4	+1.6	3.1
Gains or losses on sales or valuation of fixed assets and business investment equities	+0.3	+1.3	0.9
Amortization of goodwill and other intangible fixed assets	+36.7	+44.8	8.1
Other extraordinary gains/losses, valuation allowances, etc.	-6.6	+10.0	16.6
<b>Adjusted Net Income</b>	<b>175.4</b>	<b>156.2</b>	<b>-19.1</b>

\*1 Each adjustment is on an after-tax basis.

\*2 In case of reversal, it is subtracted from the equation

\*3 ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

- Provision for catastrophe loss reserves:
  - Increased mainly due to a drop in net incurred losses relating to natural catastrophes in Domestic Non-life (increases reconciling amount)
- Gains or losses on sales or valuation of ALM bonds and interest rate swaps:
  - Increased mainly due to a reaction to the deduction of gains on sales of domestic bonds in 2Q FY2019 at TMNF (increases reconciling amount)
- Amortization of goodwill and other intangible fixed assets:
  - Increased mainly due to the consolidation of Pure (increases reconciling amount)
- Other extraordinary gains or losses, valuation allowances, etc.:
  - Increased mainly due to deductions of sales and valuation losses on equities of overseas subsidiaries, etc. (increases reconciling amount)



# Reconciliation of Adjusted Net Income (Group Total): FY2020 Projection



**Adjusted net income was revised upward by ¥ 22.0bn from August projection to ¥332.0bn.  
Adjusted ROE is projected at 9.9%, up 0.5pt from August projection.**

## ● Reconciliation<sup>\*1</sup>

Note: Factors positive to profits are showed with a "plus" sign

(billions of JPY)

	FY2019 Results	FY2020 Projections		
		Original (a)	Revised (b)	(b)-(a)
<b>Net income attributable to owners of the parent (consolidated)</b>	<b>259.7</b>	<b>175.0</b>	<b>200.0</b>	<b>25.0</b>
Provision for catastrophe loss reserves <sup>*2</sup>	-49.7	+27.0	+21.0	-6.0
Provision for contingency reserves <sup>*2</sup>	+0.8	+0.0	+0.0	-
Provision for price fluctuation reserves <sup>*2</sup>	+6.9	+7.0	+7.0	-
Gains or losses on sales or valuation of ALM <sup>*3</sup> bonds and interest rate swaps	-12.5	+0.0	+1.0	-
Gains or losses on sales or valuation of fixed assets and business investment equities	+8.5	+1.0	+1.0	-
Amortization of goodwill and other intangible fixed assets	+77.7	+92.0	+88.0	-3.0
Other extraordinary gains/losses, valuation allowances, etc.	-4.8	+4.0	+10.0	5.0
<b>Adjusted Net Income</b>	<b>286.7</b>	<b>310.0</b>	<b>332.0</b>	<b>22.0</b>
<b>Adjusted ROE</b>	<b>7.5%</b>	<b>9.4%</b>	<b>9.9%</b>	<b>+0.5pt</b>

## ● Provisions for catastrophe loss reserves:

➡ The amount of catastrophe loss reserves taken down will increase as net incurred losses relating to natural catastrophes are expected to increase in Domestic Non-life (decreases reconciling amount)

## ● Other extraordinary gains/losses, valuation allowances, etc.:

➡ Deductions of losses on sales and valuation of equities of overseas subsidiaries, etc. (increases reconciling amount)

\*1: Each adjustment is on an after-tax basis

\*2: In case of reversal, it is subtracted from the equation

\*3: ALM: Asset Liability Management. Excluded since it is counter balance of ALM related liabilities

# Adjusted Net Assets / Adjusted ROE



(billions of JPY)

## Adjusted Net Assets\*1

	FY2019 Results	FY2020 Projections		
		Original (a)	Revised (b)	(b)-(a)
Net assets(consolidated)	3,372.1	3,353.0	3,451.0	97.0
Catastrophe loss reserves	+691.5	+719.0	+712.0	-6.0
Contingency reserves	+41.6	+42.0	+42.0	-
Price fluctuation reserves	+85.1	+92.0	+92.0	-
Goodwill and other intangible fixed assets	-949.5	-857.0	-851.0	+6.0
<b>Adjusted Net Assets</b>	<b>3,240.9</b>	<b>3,350.0</b>	<b>3,448.0</b>	<b>98.0</b>

\*1 Each adjustment is on an after-tax basis.

## Adjusted ROE

	FY2019 Results	FY2020 Projections		
		Original (a)	Revised (b)	(b)-(a)
Net income(consolidated)	259.7	175.0	200.0	25.0
Net assets(consolidated)*2	3,473.1	3,362.0	3,411.0	48.0
Financial accounting basis ROE	7.5%	5.2%	5.9%	0.7pt

\*2 average balance basis

	FY2019 Results	FY2020 Projections		
		Original (a)	Revised (b)	(b)-(a)
Adjusted Net Income	286.7	310.0	332.0	22.0
Adjusted Net Assets*2	3,502.0	3,300.0	3,344.0	44.0
Adjusted ROE	8.2%	9.4%	9.9%	0.5pt

\*2 average balance basis

# Business Unit Profits: 2Q FY2020 Results

(billions of JPY)

Business Domain	FY2019 2Q Results	FY2020 2Q Results	YoY
<b>Domestic Non-Life</b>	<b>20.2</b>	<b>69.0</b>	<b>48.7</b>
TMNF	21.2	61.6	40.3
<b>Domestic Life<sup>*1*2</sup></b>	<b>-51.4</b>	<b>145.6</b>	<b>197.1</b>
TMNL	-51.4	145.6	197.1
<b>International Insurance</b>	<b>102.6</b>	<b>36.1</b>	<b>-66.5</b>
North America	80.8	34.2	-46.6
Philadelphia	18.8	13.6	-5.1
Delphi	37.8	10.2	-27.5
TMHCC	21.6	8.0	-13.6
Europe, Middle East & Africa	4.2	-7.7	-11.9
South & Central America	6.7	5.3	-1.4
Asia & Oceania	8.4	9.1	0.7
International Non-Life <sup>*3</sup>	101.9	42.4	-59.4
International Life	6.4	-3.9	-10.4
Pure	-	3.9	3.9
<b>Financial &amp; General</b>	<b>3.9</b>	<b>2.6</b>	<b>-1.3</b>

\*1: Excluding capital transactions

\*2: Simplified calculation method is applied for EV. The calculation is an unaudited basis

\*3: International Non-Life figures include some life insurance figures of composite overseas subsidiaries

# Reconciliation of Business Unit Profits

(billions of JPY)

## Domestic Non-life\*<sup>1</sup> (TMNF)

	FY2019 2Q Results	FY2020 2Q Results	YoY
Net income for accounting purposes	41.5	62.9	21.4
Provision for catastrophe loss reserves <sup>*2</sup>	+25.3	+30.1	4.8
Provision for price fluctuation reserves <sup>*2</sup>	+2.0	+2.1	0.1
Gains or losses on sales or valuation of ALM* <sup>3</sup> bonds and interest rate swaps	-2.0	+1.3	3.4
Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities	-37.3	-39.2	-1.8
Intra-group dividends	-11.5	-23.4	-11.8
Other extraordinary gains/losses, valuation allowances, etc	+3.4	+27.6	24.2
<b>Business Unit Profits</b>	<b>21.2</b>	<b>61.6</b>	<b>40.3</b>

	FY2019 Results	FY2020 Projection		
		①Original	②Revised	②-①
Net income for accounting purposes	169.9	159.0	155.0	-4.0
Provision for catastrophe loss reserves <sup>*2</sup>	-47.0	+24.9	+20.3	-4.6
Provision for price fluctuation reserves <sup>*2</sup>	+4.3	+4.0	+4.3	0.3
Gains or losses on sales or valuation of ALM* <sup>3</sup> bonds and interest rate swaps	-12.6	+0.4	+1.1	0.7
Gains or losses on sales or valuation of fixed assets, business-related equities and business investment equities	-41.7	-54.9	-54.1	0.8
Intra-group dividends	-58.6	-33.5	-33.0	0.4
Other extraordinary gains/losses, valuation allowances, etc	+11.9	+23.1	+44.6	21.4
<b>Business Unit Profits</b>	<b>26.0</b>	<b>123.0</b>	<b>138.0</b>	<b>15.0</b>

## International Insurance\*<sup>1</sup>

	FY2019 2Q Results	FY2020 2Q Results	YoY
Overseas subsidiaries Net income for accounting purposes* <sup>4</sup>	105.9	32.8	-73.1
Difference with EV (Life)	+2.4	+0.0	-2.4
Adjustment of non-controlling interests	-1.6	-0.1	+1.4
Difference of subsidiaries covered	+1.3	-0.6	-1.9
Other adjustments* <sup>5</sup>	-5.4	+4.0	+9.4
<b>Business Unit Profits</b>	<b>102.6</b>	<b>36.1</b>	<b>-66.5</b>

	FY2019 Results	FY2020		
		①Original	②Revised	②-①
Overseas subsidiaries Net income for accounting purposes* <sup>4</sup>	176.8	93.0	105.0	12.0
Difference with EV (Life)	+8.1			
Adjustment of non-controlling interests	-2.5			
Difference of subsidiaries covered	+0.6			
Other adjustments* <sup>5</sup>	-3.6			
<b>Business Unit Profits</b>	<b>179.5</b>	<b>67.0</b>	<b>75.0</b>	<b>8.0</b>

\*<sup>1</sup> Each adjustment is on an after-tax basis. \*<sup>2</sup> Reversals are subtracted. \*<sup>3</sup> ALM = Asset Liability Management. Excluded since it is a counter-balance item of ALM related liabilities.

\*<sup>4</sup> Since FY2020, figures have been changed to exclude purchase method adjustments such as amortization of intangible fixed assets and others. \*<sup>5</sup> Extraordinary gains/losses, head office expenses, etc.

# Domestic Non-Life: TMNF P/L Projections

	(billions of JPY)			
	FY2019	FY2020 Projections		
	Results	①Original	②Revised	Difference (②-①)
<b>Underwriting profit/loss</b>	<b>38.4</b>	<b>67.0</b>	<b>74.0</b>	7.0
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	-27.5	100.8	101.3	0.5
Net premiums written (Private insurance)	1,969.9	1,966.1	1,968.5	2.4
Net premiums earned (Private insurance)*1	1,917.2	1,935.2	1,958.3	23.1
Net incurred losses (Private insurance)*2	-1,270.8	-1,152.9	-1,185.6	-32.7
Natural catastrophe losses	-162.5	-55.0	-80.0	-25.0
Provision/Reversal of foreign currency denominated outstanding claims reserves	2.0	-	2.9	2.9
Other than above	-1,110.3	-1,097.9	-1,108.6	-10.7
Business expenses (Private insurance)	-638.2	-649.9	-636.8	13.0
Provision/Reversal of catastrophe loss reserves	66.0	-33.8	-27.3	6.4
Auto	18.0	7.5	-4.8	-12.3
Fire	41.5	-30.6	-11.2	19.4
Provision/Reversal for nat-cat underwriting reserves	-21.1	-12.6	-8.5	4.1
Provision/Reversal of underwriting result for the first year*3	-10.9	-18.9	-28.1	-9.1
<b>Net investment income (loss) and other</b>	<b>182.0</b>	<b>146.2</b>	<b>144.9</b>	-1.3
<b>Ordinary profit/loss</b>	<b>223.9</b>	<b>214.0</b>	<b>222.0</b>	8.0
<b>Extraordinary gains/losses</b>	<b>-12.6</b>	<b>-6.9</b>	<b>-18.8</b>	-11.9
<b>Net income/loss</b>	<b>169.9</b>	<b>159.0</b>	<b>155.0</b>	-4.0

\*1 Excluding provision for nat-cat underwriting reserves

\*2 Including loss adjustment expenses

\*3 Provision for the general underwriting reserves excluding provision for unearned premiums

	(billions of JPY)			
	FY2019	FY2020 Projections		
	Results	①Original	②Revised	Difference (②-①)
<b>Net investment income and other</b>	<b>182.0</b>	<b>146.2</b>	<b>144.9</b>	-1.3
<b>Net investment income</b>	<b>220.7</b>	<b>177.9</b>	<b>179.1</b>	1.1
<b>Net interest and dividends income</b>	<b>151.4</b>	<b>105.0</b>	<b>110.7</b>	5.7
Interest and dividends	189.2	141.3	145.5	4.2
Dividends from domestic stocks	66.5	57.7	53.8	-3.8
Dividends from foreign stocks	63.0	36.8	39.2	2.4
Income from domestic bonds	20.7	17.1	16.9	-0.2
Income from foreign bonds	4.1	2.6	3.3	0.6
Income from other domestic securities*4	2.1	0.1	-0.3	-0.4
Income from other foreign securities*5	20.8	16.1	20.8	4.7
Transfer of investment income on deposit premiums	-37.8	-36.3	-34.7	1.5
<b>Net capital gains</b>	<b>69.3</b>	<b>72.9</b>	<b>68.3</b>	-4.6
Gains/Losses on sales of securities	110.6	80.2	77.4	-2.8
Impairment losses on securities	-22.1	-2.8	-2.9	-0.0
Impairment losses on domestic stocks	-18.1	-0.9	-1.1	-0.2
Gains/Losses on derivatives	-15.7	-4.6	-7.2	-2.5
Foreign exchange gains/losses	-3.5	-0.0	0.1	0.1
Other investment income and expenses	0.5	0.3	0.5	0.2
Others	-0.3	-	0.3	0.3
<b>Other ordinary income and expenses</b>	<b>-38.7</b>	<b>-31.7</b>	<b>-34.1</b>	-2.4

\*4 Income from domestic securities excluding domestic stocks and domestic bonds.

\*5 Income from foreign securities excluding foreign stocks and foreign bonds.

# Domestic Non-Life: NF Results

**Underwriting profit increased by ¥6.0bn YoY to ¥2.1bn mainly due to a reduction in net incurred losses. Net investment income and other rose by ¥2.9bn YoY to ¥3.5bn mainly due to an increase in gains on sales of securities.**

**As a result of the above, net income grew by ¥5.8bn YoY to ¥3.3bn.**

(billions of JPY)

	FY2019 2Q Results	FY2020 2Q Results	COVID-19 Impacts	YoY Change
<b>Underwriting profit/loss</b>	<b>- 3.8</b>	<b>2.1</b>	1.4	6.0
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	<b>- 1.1</b>	<b>3.9</b>		5.0
Net premiums written (Private insurance)	67.7	66.9		- 0.8
Net premiums earned (Private insurance)*1	64.8	66.3		1.5
Net incurred losses (Private insurance)*2	- 43.2	- 39.0		4.2
Natural catastrophe losses	- 7.1	- 5.5		1.6
Other than above	- 36.1	- 33.5		2.6
Business expenses (Private insurance)	- 22.8	- 22.3		0.5
Provision/Reversal of catastrophe loss reserves	- 2.7	- 1.7		0.9
Fire	- 1.3	- 1.4		- 0.0
Auto	- 0.7	- 0.0		0.6
Provision/Reversal for nat-cat underwriting reserves	-	0.0		0.0
Provision/Reversal of underwriting result for the first year*3	0.1	- 1.1		- 1.3
<b>Net investment income (loss) and other</b>	<b>0.6</b>	<b>3.5</b>	0.0	2.9
Net investment income/loss	0.8	3.7		2.8
Interest and dividends	2.2	2.1		- 0.1
Gains/Losses on sales of securities	0.1	2.6		2.4
Impairment losses on securities	- 0.3	- 0.0		0.2
Gains/Losses on derivatives	- 0.4	- 0.2		0.2
<b>Ordinary profit/loss</b>	<b>- 3.8</b>	<b>5.2</b>		9.0
<b>Extraordinary gains/losses</b>	<b>0.4</b>	<b>- 0.5</b>		- 1.0
<b>Net income/loss</b>	<b>- 2.5</b>	<b>3.3</b>	1.0	5.8

\*1 Excluding provision for nat-cat underwriting reserves

\*2 Including loss adjustment expenses

\*3 provision for the general underwriting reserves excluding provision for unearned premiums

Notes:

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively.

2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance.

## Underwriting Profit

¥6.0bn increase YoY to ¥2.1bn mainly due to the following factors

- Net premiums written (Private insurance):
  - ➡ Increase in premiums ceded in fire
- Net incurred losses (Private insurance):
  - ➡ Lower traffic accident frequency due to COVID-19 related stay at home policies
  - ➡ Decrease in natural catastrophes
- Catastrophe loss reserves:
  - ➡ Takedown due to a rise in the W/P loss ratio in fire
- Provision/Reversal of underwriting result for the first year:
  - ➡ Increase due to a drop in net incurred losses in auto
  - ※ Underwriting result for the first year is underwriting reserve posted by deferring a profit for the first year of the contract to the following fiscal year.

## Net Investment Income and Other

- ➡ ¥2.9bn increase YoY to ¥3.5bn mainly due to an increase in gains on sales of business-related equities

## Net Income

- ➡ ¥5.8bn increase YoY to ¥3.3bn due to the above factors, etc.



# Domestic Non-Life: NF Projections

**Underwriting profit is projected to grow by ¥4.0bn YoY to ¥6.8bn mainly due to an decrease in net incurred losses relating to natural catastrophes.**

**Net investment income and other is projected to grow ¥13.1bn YoY to ¥16.7bn mainly due to an increase in gains on sales of securities.**

**Net income is projected to increase ¥12.3bn YoY to ¥16.0bn due to the factors above, etc.**

	(billions of JPY)			
	FY2019 Results (①)	FY2020 Projections Profit (Pre COVID- 19 Basis) (②)	Revised (③)	Difference (③-①)
<b>Underwriting profit/loss</b>	<b>2.7</b>	<b>6.9</b>	<b>6.8</b>	<b>4.0</b>
(Underwriting profit/loss: excluding provision/reversal of catastrophe loss reserves)	- 0.2	11.7	7.4	7.7
Net premiums written (Private insurance)	131.7	134.1	132.7	1.0
Net premiums earned (Private insurance)*1	129.6	132.5	132.6	3.0
Net incurred losses (Private insurance)*2	- 80.5	- 73.7	- 74.4	6.0
Natural catastrophe losses	- 12.1	- 3.1	- 6.5	5.6
Other than above	- 68.3	- 70.6	- 67.9	0.4
Business expenses (Private insurance)	- 45.3	- 45.0	- 45.0	0.3
Provision/Reversal of catastrophe loss reserves	3.0	- 4.7	- 0.6	- 3.6
Auto	- 2.7	- 2.8	- 2.8	- 0.0
Fire	2.7	- 1.3	2.6	- 0.0
Provision/Reversal for nat-cat underwriting reserves	- 1.8	0.1	0.0	1.8
Provision/Reversal of underwriting result for the first year*3	- 2.1	- 2.1	- 5.7	- 3.6
<b>Net investment income (loss) and other</b>	<b>3.6</b>	<b>12.9</b>	<b>16.7</b>	<b>13.1</b>
Net investment income/loss	4.0	13.3	17.0	13.0
Interest and dividends	4.7	4.2	4.0	- 0.6
Gains/Losses on sales of securities	3.1	11.1	14.9	11.8
Gains/Losses on derivatives	- 0.9	- 0.7	- 0.4	0.5
<b>Ordinary profit/loss</b>	<b>5.7</b>	<b>19.2</b>	<b>22.9</b>	<b>17.1</b>
<b>Extraordinary gains/losses</b>	<b>- 0.0</b>	<b>- 0.5</b>	<b>- 0.6</b>	<b>- 0.6</b>
<b>Net income/loss</b>	<b>3.7</b>	<b>13.4</b>	<b>16.0</b>	<b>12.3</b>
<b>Business unit profit</b>	<b>0.8</b>	<b>9.2</b>	<b>6.3</b>	<b>5.5</b>

\*1 Excluding provision for nat-cat underwriting reserves

\*2 Including loss adjustment expenses

\*3 Provision for the general underwriting reserves excluding provision for unearned premiums

(Notes)

1. Plus and minus of the figures in the above table correspond to positive and negative to profit respectively

2. Private insurance includes all lines excluding compulsory automobile liability insurance and residential earthquake insurance

## Underwriting Profit

Projected to grow ¥4.0bn YoY to ¥6.8bn due to the following factors:

- Increase in net premiums earned in auto and specialty insurance
- Decrease in net incurred losses relating to natural catastrophes

## Net Investment Income and Other

- Projected to increase ¥13.1bn YoY to ¥16.7bn mainly due to an increase in gains on sales of business-related equities

## Net Income

- Projected to increase ¥12.3bn YoY to ¥16.0bn due to the factors above, etc.

## Business Unit Profit

- Projected to increase ¥5.5bn YoY to ¥6.3bn due to the factors above, etc.

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